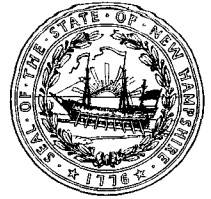




The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

September 15, 2006

Mr. Marc J. Duquette
Manager, Environmental & Safety
Velcro USA, Inc.
406 Brown Avenue
Manchester, New Hampshire 03103

CERTIFIED MAIL (7005 1160 0004 7468 0021)
RETURN-RECEIPT REQUESTED

NOTICE OF PAST VIOLATION
(Sta.S)

Dear Mr. Duquette:

The New Hampshire Department of Environmental Services, Air Resources Division ("DES") received a letter from you, dated May 8, 2006, reporting the violation of a permit condition at the Velcro USA, Inc. ("Velcro") facility in Manchester, NH. The violation of State Permit to Operate FP-S-0252 ("the Permit") was discovered as a result of the stack testing of Engine #2 on April 13, 2006. The specific violation is described below.

Past Violation

Condition IX.C. of the Permit requires that the Selective Catalytic Reduction ("SCR") system be operated such that the maximum amount of ammonia slip from the system does not exceed 20.0 ppmvd, corrected to 15% oxygen (dry basis). On April 13, 2006, Velcro tested Engine #2 for compliance with the Permit. The results of the stack test showed that the ammonia slip averaged 42 ppmvd. Velcro reported the violation and proposed a corrective action plan ("the Plan") by letter dated May 23, 2006. DES approved the Plan by letter dated May 26, 2006, and Velcro kept DES informed of its progress in implementing the Plan with monthly reports. Velcro determined that the cause of the violation was that the catalyst blocks degraded in performance at a much higher rate than expected. Although the expected life of the blocks is 15,000 hours, the blocks in Engine #2 had just 6,248 operating hours. Velcro replaced the catalyst blocks in Engine #2 with those from a different manufacturer in July and re-tested the engine on August 1, 2006. The results of the test show that Engine #2 is now in compliance with Condition IX.C. of the Permit.

Request for Information

As noted above, Velcro replaced the catalyst blocks in Engine #2 with those from a different manufacturer. However, the catalyst blocks in Engine #1 had only 3,745 operating hours and were cleaned rather than replaced. To ensure that the new catalyst blocks associated with Engine #2 and the existing catalyst blocks associated with Engine #1 perform up to expectations, DES requests that Velcro draft and submit to DES an operation and maintenance plan ("O&M Plan") addressing each set of catalyst blocks. The O&M Plan should follow the manufacturers' recommendations, but provide for periodic checks of the catalyst blocks to ascertain their condition and determine their rate of deterioration. Please submit the O&M Plan to Barbara Hoffman, Enforcement Section Supervisor, DES Air Resources Division, P.O. Box 95, Concord, NH 03302-0095, by October 30, 2006.

DES recognizes the efforts that Velcro has taken to come into compliance with the above referenced violation. If you believe that DES has cited this violation in error, or if you have questions regarding these matters, please contact Barbara Hoffman at (603) 271-7874 or bhoffman@des.state.nh.us. A current copy of the Air Resources Division rules can be obtained from the DES website at <http://www.des.state.nh.us/Rules/air.htm> or by contacting the DES Public Information Center at (603) 271-2975.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. G. Monroe', with a stylized flourish extending to the right.

Pamela G. Monroe
Compliance Bureau Administrator
Air Resources Division

PGM/blh

cc: R. Kurowski, EPA Region 1
G. Hamel, DES Legal Unit Administrator
Frank C. Guinta, Mayor, City of Manchester
AFS # 3301100049